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The Berkeley Mafia and the Indonesian Massacre

"Indonesia is the best thing that's happened to Uncle Sam
since World War II."—A World Bank official

INDONESIA, WHICH in the past fired the imagination of fortune-hunters and adventurers as the fabled East Indies, was long regarded as "the richest colonial prize in the world." Harking back to such times, Richard Nixon described Indonesia in 1967 as "the greatest prize in the Southeast Asian area." Not too many years earlier, however, the prize had been thought all but lost to the fiery nationalist, Peking-oriented Sukarno and the three million-strong Indonesia Communist Party waiting in the wings. Then in October 1965 an unsuccessful coup and a swift move by Indonesia's generals immobilized the leader and precipitated the largest massacre in modern history, in which from 500,000 to a million unarmed communists and their peasant sympathizers were killed. When the bloodletting was over, the immense nationalist spirit of a decade had vanished, and the Indies' vast natural treasures were opened by the new regime to U.S. oil companies and corporations.

To cut the ribbon on the Indonesian side was an extraordinary team of economic ministers known to insiders as "the Berkeley Mafia." Sporting PhDs from the University of California and acting as a closely-knit clique in the councils of power, these men shaped the post-nationalist policies of the new regime. Behind their rise to eminence and power lay a saga of international intellectual intrigue, of philanthropoids and university projects, of student Generals and political Deans, and a sophisticated imperial design beyond Cecil Rhodes's wildest dreams.

Part I

[A DEAN IS BORN]

FOLLOWING JAPAN'S DEFEAT in World War II, wars of national liberation raged in China and Vietnam. Meanwhile, far away in Washington offices and New York living rooms, Indonesian independence was being sensibly arranged. By 1949 the Americans had persuaded the Dutch that if they took action before the Indonesian revolution went the way of China, they could learn to live with nationalism and like it. And sure enough, in that year the Indonesians accepted an independence agreement, drafted with the help of friendly American diplomats. It maintained the severely war-weakened Dutch economic presence, while swinging wide the Open Door to U.S. cultural and economic influences as well.

Among those who handled the diplomatic in

those years were two young Indonesian aristocrats: Soedjatmoko,* called "Koko" by his American friends, and an economist and diplomat named Sumitro Djojohadikusumo. Both were members of the upper-class, nominally socialist PSI (Partai Sosialis Indonesia), one of the smaller and more Western-oriented of Indonesia's myriad political parties.

In New York the two were lionized by a group closely linked to the notorious Vietnam lobby which shortly thereafter launched Ngo Dinh Diem on his meteoric career in U.S.-Vietnamese politics. The group, which included Norman Thomas, was composed of members of the Committee for Independence of Vietnam and the India League. It occupied something of a vanguard position among socialist anti-communists. "We were concerned that the United States not be caught flatfooted in the post-war necessity to create non-communist governments in Asia," explains League member, Park Avenue attorney and legal counsel for Indonesia in the U.S., Robert Delson.

Delson squired Sumitro and "Koko" around town, introducing them to his friends in the Americans for Democratic Action (ADA) and to top anti-communist labor leaders. They also circulated in Establishment circles, particularly among members of the foundation-funded Council on Foreign Relations, the most influential elite policy-formulating group in the United States.

DISTRESSED BY Indonesia's peppery nationalist leader Sukarno and the strong left wing of the Independence forces, the Americans found that, as with Diem in Vietnam, the rather bland nationalism of "Koko" and Sumitro offered a most palatable alternative. In Council on Foreign Relations parlance, they were interested in "modernizing" Indonesia, not revolutionizing it. At the Ford-funded School of Advanced International Studies in Washington in early 1949, Sumitro explained that his kind of socialism included "free access" to Indonesian resources and "sufficient" incentives for foreign corporate investment.

When independence came later that year, Sumitro returned to Djakarta to become Minister of Trade and Industry in the coalition government and then, in two later cabinets, Minister of Finance. As Minister through the early '50s, Sumitro defended an economic "stability" that favored Dutch investments. Carefully eschewing radicalism, he appointed as advisor the German Hjalmar Schacht, economic architect of the Third Reich.

by David Ransom